

ANNUAL DISCLOSURE REPORT

YEAR ENDING JUNE 30, 2017

CITY OF RIVERSIDE WATER PUBLIC UTILITIES

**2009 SERIES A WATER REFUNDING/REVENUE BONDS \$31,895,000 (TAX EXEMPT)
2009 SERIES B WATER REVENUE BONDS \$67,790,000 (FEDERALLY TAXABLE)
BONDS DATED DECEMBER 22, 2009**

**CUSIP NUMBERS 769076TQ3 Through 769076UB4
CUSIP NUMBERS 769076UC2 Through 769076UG3**

Prepared by
City of Riverside

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RIVERSIDE PUBLIC UTILITIES
CONTINUING DISCLOSURE INFORMATION - 2009 A and B WATER BONDS \$99,685,000
FISCAL YEAR ENDED JUNE 30, 2017

CONTINUING DISCLOSURE CERTIFICATE - SECTION 4 - Contents of Annual Report.

(a) Enclosed is the City of Riverside CAFR and Water Utility 2016/17 Audited Financial Statements.

(b) Below is financial information and operating data with respect to the Water System:

(i) The principal amount of the 2009 Bonds outstanding at June 30, 2017 was \$77,550,000.

(ii) Water System General Statistics

No. of Service Connections	65,428
Annual Water Production	19,457 (millions of gallons)
Production from System Wells	19,457 (millions of gallons)
Peak Daily Distribution	81.2 (millions of gallons per day)
Average Daily Distribution ⁽¹⁾	53.7 (millions of gallons per day)

(1) Average Daily Production = Average Daily Distribution

(iii) Number of Meters

Residential	59,453
Commercial/Industrial	5,640
Other	335
Total - All Classes	<u>65,428</u>

(iv) Water Sales and Distribution (millions of gallons)

Total Retail Water Sales ⁽¹⁾	17,764
Average Daily Distribution	53.7
Maximum Day Distribution	81.2
Average Daily Sales per Meter (Gallons)	744

⁽¹⁾ Excludes wholesale sales

(v) Summary of Operations and Debt Service Coverage (in thousands)

Operating revenues	
Water Sales	
Residential	\$ 34,994
Commercial	17,869
Other sales	1,764
Water conveyance revenue	4,385
Other operating revenues	<u>2,526</u>
Total operating revenues before uncollectibles	61,538
Estimated uncollectibles, net of bad debt recovery	<u>(31)</u>
Total operating revenues, net of uncollectibles	<u>\$ 61,507</u>
Investment income	\$ 17
Contributions in aid	3,311
Non-Operating revenues	<u>854</u>
Total revenues	<u>\$ 65,689</u>
Operating expenses	
Field operations	\$ 14,692
Production and operations	15,439
Engineering	<u>7,740</u>
Total expenses	<u>\$ 37,871</u>
Net Operating Revenues	
Available for Debt Service and Depreciation	<u><u>\$ 27,818</u></u>
Debt Service Requirements on bonds	\$ 13,610
Debt Service Coverage	2.04

(vi) No Additional Bonds and Parity Debt were incurred by the City with respect to the Water System during fiscal year ended June 30, 2017.

CONTINUING DISCLOSURE CERTIFICATE - SECTION 5 - Reporting of Significant Events

There has been no occurrence during the reporting period of the following significant events with respect to the 2009 WATER REFUNDING REVENUE BONDS SERIES A and B \$99,685,000 except that relative to item 11 as previously disclosed and noted below.

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of the credit or liquidity providers or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modification to rights of security holders.
8. Contingent or unscheduled bond calls.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities.
11. Rating changes.

On July 12, 2016, Standard & Poor's lowered its underlying rating (SPUR) to "AA+" from "AAA" for the City of Riverside's water revenue bonds. Reflecting S&P's revised rating criteria for U.S. Municipal Waterworks and Sanitary Sewer Utility Revenue Bonds, as published in Ratings Direct on Jan. 19, 2016.

On July 22, 2016, Standard & Poor's raised its underlying rating (SPUR) to "AAA" from "AA+" for the City of Riverside's water revenue bonds. Reflecting S&P's further clarity on the City's upcoming rate plan and financial forecast.

VOLUNTARY DISCLOSURE - Other Event Based Disclosures

1. The interest subsidy on the Series B Taxable Build America Bonds is subject to adjustment as set forth in the March 4, 2013 IRS guidance. For additional information please review the IRS website: www.irs.gov/tax-exempt-bonds/fy2017-update-effect-of-sequestration-on-state-local-government-filers-of-form-8038-CP